

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 218 - HB 374

February 12, 2023

SUMMARY OF BILL: Replaces the office of the Secretary of State (SOS) with the Sports Wagering Advisory Council (SWAC) regarding authority over administrative regulation of the *Fantasy Sports Act*.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Transferring regulatory oversight of the Fantasy Sports Act from the Secretary of State to the Sports Wagering Advisory Council will eliminate the need for the Fantasy Sports Compliance Analyst position, currently funded at \$90,100 from the Fantasy Sports Fund, within the Secretary of State’s office. Funding dedicated to the Fantasy Sports Fund will be sufficient to fund any expenditures incurred by the council in the administration of the act. Revenue to the fund totaled \$183,800 in FY22-23 and the fund had a balance of \$58,100 as of June 30, 2022.

Assumptions:

- The SOS currently has a Fantasy Sports Compliance Analyst for the regulation of fantasy sports. The salary and benefits for the Fantasy Sports Compliance Analyst are \$90,130.
- Expenditures associated with the regulatory oversight are funded by dedicated funds of the Fantasy Sports Fund.
- Pursuant to Tenn. Code Ann. § 67-4-903, a tax of six percent on all adjusted revenues of a fantasy sports contest offered by a fantasy sports operator to Tennessee consumers is imposed. The tax is administered by the Department of Revenue. Total tax collection from such tax were \$321,806 in FY21-22.
- Pursuant to Tenn. Code Ann. § 67-4-905, 10 percent of such tax collections is allocated to the Fantasy Sports Fund. Therefore, approximately \$32,181 was allocated to the fund in FY21-22.
- Pursuant to Tenn. Code Ann. § 47-18-1604(b), SOS is required to establish a set of fees, including, but not limited to application and licensure fees. All such fees are deposited into the Fantasy Sports Fund.
- Actual FY21-22 funding for the Fantasy Sports Fund totaled \$183,817. FY22-23 budgeted amounts for the fund are \$229,300. The fund had a balance of \$58,100 as of June 30, 2022, with 100 percent of such balance being unobligated.

- The proposed legislation will transfer authority over administrative regulation of the *Fantasy Sports Act* to the SWAC. This transfer includes administration of the Fantasy Sports Fund.
- Moving authority over administrative regulation of the *Fantasy Sports Act* from SOS to SWAC will eliminate the need for the Fantasy Sports Compliance Analyst position in SOS. Additionally, SWAC reports that the council will be able to manage regulatory oversight of fantasy sports utilizing existing allocated resources.
- It is assumed that funding currently allocated to the Fantasy Sports Fund is sufficient to fund any expenditures incurred by SWAC in regulation of the *Fantasy Sports Act*.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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